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SUBJECT: BATELCO ANTI-UNION ACTIVITY CRITICIZED BY GOB
OFFICIAL; BAHRAIN UNION ACTIVITY ROBUST

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Sensitive but unclassified; please protect accordingly. Not
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Summary

11. (SBU) Recent tension between Bahrain Telecommunications Company (Batelco) management and its union, including an open meeting at Batelco headquarters attended by 500 workers, resulted in the dismissal of the head of the union and his deputy. Minister of Labor Dr. Abdulmajeed Al Alawi stated publicly that the firings were unjustified and that the workers should be reinstated. Batelco management considered the union's activities to be illegal under Bahraini law, which identifies the telecom sector as a "vital sector" and therefore prohibits strikes by its workers. Management used this rationale even though the union did not call for nor attempt a strike. This is the first instance Post is aware of in which Executive Order 62 (ref B), which bans strikes in 12 essential sectors, has been used by a company as justification for action against workers. Union activity in several companies has resulted in favorable outcomes for workers in Bahrain. End Summary.

Unjustified Firings at Batelco

12. (U) Minister of Labor Dr. Abdulmajeed Al Alawi intervened publicly July 24 in the conflict between Batelco management and its union over the dismissal of the union's head and deputy head. Al Alawi stated that the firings were not justified, because the law protects workers from being dismissed solely on the basis of participating in union activities, and urged the company to reinstate the two workers. Al Alawi also expressed displeasure at the actions of the union, saying that the Ministry of Labor has been negotiating a salary increase between the two parties under an upcoming deadline, so any type of union activity at this time was premature and counterproductive. He called on both parties to recognize their mistakes and work together to resolve outstanding issues.

13. (U) Approximately 500 Batelco workers (from just over 1,600) engaged in what was described in Arabic dailies as a temporary work slowdown July 18. They reportedly gathered at Batelco headquarters following the firing of trade union

vice-president Majeed Suhrab allegedly for organizing the gathering. At the gathering, union president Faisal Ghazwan expressed surprise at the firing of Suhrab and called for the dismissal of General Manager Patrick Key. In addition to repeating long-time union demands that there be a general salary increase of 25 percent and an additional increase for workers in certain positions, Ghazwan also called for an end to the use of temporary contract workers. At the close of his remarks to the workers, company security escorted Ghazwan off the premises and confiscated his work badge. The union had notified the press to cover the gathering, but Batelco public relations manager Shaikh Ahmed Al Khalifa ordered that no reporters be allowed to enter the premises.

¶4. (SBU) Following the dismissals, Batelco issued a press release stating that the work slowdown was illegal under law 49 of 2006, an amendment to the Trade Union Law (law 33 of 2002). Article 21 of this amendment provides the Prime Minister with full authority to designate essential services in which strikes are prohibited. The passage of law 49 led to the implementation of Executive Order 62 that bans strikes in 12 "vital sectors," including the telecommunications sector. GOB officials have justified the ban, saying that strikes in the identified essential services may result in the disruption of the daily life of citizens, potentially leading to security concerns. (Note: The dismissals of Ghazwan and Suhrab for encouraging allegedly illegal activities represent the first time in Post's knowledge that executive order 62 has been used as justification to take action against employees.)

Not a Strike

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¶5. (SBU) Meeting with EconFSN July 24, a senior official at the Ministry of Labor said that he had been meeting with company and union officials to defuse tension between the two and work through unresolved issues. He noted that in reality union leaders had taken Executive Order 62 into consideration in their planning, not calling for a strike or temporary work stoppage but a gathering during the workers' authorized break period. He claimed that public statements by company officials in the wake of the dismissals were misleading and that the firings of Ghazwan and Suhrab were not justified. He anticipated that the two would regain their jobs but admitted that the company had taken a very hard line and was resistant to changing the decision.

¶6. (U) After being dismissed, Ghazwan and Suhrab spoke to the press and claimed that the gathering had been organized in response to Batelco management's unresponsiveness to their demand for a pay increase, originally called for in November ¶2006. Company officials, however, maintain that salary surveys from Hay International and Ernst & Young showed that Batelco employees are in the top 25 percent of Bahraini wage earners. The union's response to this claim was that executive pay had increased while general worker pay had not, skewing the consultant firms' figures. Batelco's CEO refuted this claim at a union general assembly meeting, saying that the company's salaries are above the market average and annual increases are given to offset inflation and other market factors.

Al-Marai Dairy Company

¶7. (U) More than 120 union members at the Al-Marai Dairy Company returned to work July 24 following a one-day strike for higher salaries and improved work conditions. The Bahraini, Indian, and Sri Lankan workers claimed that the company had not implemented an agreement, which had satisfied the union's demands, for five months and had taken steps to

weaken the union by firing union members. According to union head Abdulnabi Abdulla Alheela, 40 of the striking employees receive only BD 100 (\$265) per month despite a Ministry of Labor non-binding "suggestion" that private sector employers pay their workers at least BD 200 (\$530). (Note: Bahraini law does not impose a minimum wage on private sector companies.) Following an intervention by Ministry of Labor officials, who are conducting ongoing talks between the parties, the striking workers returned to their jobs.

According to press reports, just prior to the strike the union received support from 25 expatriate non-union employees for the work stoppage, however, these workers did not participate in the strike because management reportedly threatened to fire them if they participated. Al-Marai brought in expatriate workers who normally do various cleaning jobs for the company to work in place of striking workers on the day of the strike.

Strikes in the Recent Past: Olayan Kimberly Clark

¶8. (SBU) Over the last several months a number of strikes have occurred or been threatened, resulting in, from the perspective of the unions and the General Federation of Bahrain Trade Unions (GFBTU), benefits for workers. Olayan Kimberly Clark's Bahraini employees warned management February 28 that they would strike to attempt to break a deadlock in pay negotiations. The union of the 80 employee company sought a BD 350 (\$928) annual bonus for 2006 and a 15 percent pay increase for 2007. On March 18th, a strike scheduled for the next day was averted when the union and company restarted negotiations. On March 19th, Olayan Kimberly Clark satisfied the union's demands by agreeing to a BD 250 (\$663) bonus for 2006, a 15 percent increase in wages for 2007, and a two percent wage increase in later years for all employees except for the lowest paid, who would receive a three percent increase. In a subsequent email exchange with PolOff, an Olayan Kimberly Clark official said he was satisfied that the labor dispute was resolved, despite the resolution putting the company over budget. He said this episode would likely affect the company's interest in expanding its operations in Bahrain.

Bahrain Petroleum Company

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¶9. (U) On October 26, 2006, Bapco management held a meeting with its trade union's leadership to discuss demands for a 25 percent increase in base salaries, a doubling of travel allowances, an increase in the housing allowance, and an annual bonus equivalent to two months' salary instead of the current bonus of one month's salary. The next day the union announced plans for a 30-minute protest because its members felt the negotiations had not been "fruitful" and that Bapco management had not been transparent with the union. On October 31st the scheduled protest was called off after a meeting between the union's head and Bapco's president, at which time the president said that the company was considering salary increases and an annual bonus. On November 13th, Bapco announced that 3,100 of its employees would receive pay increases of 14 to 19 percent, backdated to October 1st. Bonuses, however, remained at one month's salary, but the minimum was raised from BD 300 (\$795) to BD 500 (\$1,325). Other demands were not addressed.

Aluminum Bahrain

¶10. (U) On October 18, 2006, 1,750 Alba Union members participated in a one-hour strike to protest a recently instated 15 to 22 percent pay increase because it was below

the 30 percent demanded. Alba management responded by saying that the 15 to 22 percent increase was in accordance with the findings of a consultancy report that compared wages throughout Bahrain. On October 19, 2006, management and the union agreed to a 20 to 22 percent wage increase effective immediately. Again on February 7, 700 members of the union protested in support of a BD 1,000 (\$2,650) bonus for all employees, which represented a BD 250 (\$663) increase over the then maximum bonus of BD 750 (\$1,988). Management again sat down with union representatives and on March 5 jointly announced their agreement to a BD 750 bonus for all employees for 2006 and a minimum BD 1,000 bonus for 2007, pending ongoing discussions to determine the exact figure.

Wildcat Strike: Mohammed Jalal Contracting Company

¶11. (SBU) In addition to the above cases of union-organized strikes in some of the most prominent of Bahraini companies, several companies, whose employees are primarily non-union expatriate workers, have experienced wildcat strikes by workers frustrated by low salaries or poor living conditions.

One such example: On May 6th over 350 Indian, Bangladeshi, and Pakistani workers from Mohammed Jalal Contracting Company participated in a strike to demand salary increases and to have food allowances be considered within their base wages. (Note: Bahraini law protects workers' base wages but not allowances that are separate from base wages. Allowances considered part of base wages are protected.) The workers' wages ranged from BD 45 (\$120) to BD 55 (\$146) per month and had not been increased in nearly ten years. The strike, although technically illegal, lasted for three days, when the company agreed to increase the base salary from BD 45 to BD 60 (\$160) per month in addition to incorporating the BD 15 (\$40) food allowance into the workers' base wage. The workers returned to work on May 9th. (Comment: Even though employers have the force of law on their side in these illegal strikes, the prospect of hiring and training a large number of expat workers following a mass firing is sufficient disincentive to want to pacify workers rather than dismiss them.)

Comment

¶12. (SBU) Union and non-union activity alike have been quite robust in the past several months. Unions and the Federation (GFBTU) have become increasingly confident and savvy about what works and what does not work in order to reach their demands. However, there has been a tendency on the part of unions to jump right to threats of a strike to wrench concessions from management, thereby making it more difficult to build trust between unions and their respective employers.

In light of successful outcomes resulting from recent union activity, Post anticipates continued news of strikes and other union and Federation actions.

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